


Fair Isaac v Experian et al **Schwab, Matt (Vol. 01) - 06/26/2008**

1 CLIP (RUNNING 00:21:27.266)

 Would you please state your full name for the ...**SCHWAB****40 SEGMENTS (RUNNING 00:21:27.266)****1. PAGE 8:13 TO 8:17 (RUNNING 00:00:08.900)**

13 Q Would you please state your full name for the
 14 record.
 15 A Matthew Robert Schwab.
 16 Q Mr. Schwab, where do you reside?
 17 A In McKinney, Texas.

2. PAGE 8:20 TO 8:21 (RUNNING 00:00:03.433)

20 Q Okay. By whom are you employed?
 21 A Experian.

3. PAGE 9:15 TO 9:23 (RUNNING 00:00:25.900)

15 Q How long have you been with Experian,
 16 Mr. Schwab?
 17 A Since 2004.
 18 Q Have you obtained any educational degrees past
 19 high school?
 20 A Yes.
 21 Q Could you describe those?
 22 A I have a bachelors in statistics and a master
 23 of statistics.

4. PAGE 15:01 TO 15:15 (RUNNING 00:00:47.866)

00015:01 Sometime in 2005 your responsibilities included
 02 overseeing Scorex PLUS, the product, correct?
 03 A Yes.
 04 Q And at some point in 2005 you also became
 05 involved in what was known then as product Trident and
 06 which turned out to be VantageScore, correct?
 07 A Yeah, that's true.
 08 Q During the time when you were involved in
 09 VantageScore, during that entire time, were you also
 10 responsible for the Scorex PLUS product, or was there an
 11 intervention there of some kind?
 12 A I'm not sure if that's when my responsibilities
 13 changed or not, but during at least part of that time,
 14 yes, I was responsible for Scorex PLUS as far as product
 15 management goes.

5. PAGE 15:25 TO 16:13 (RUNNING 00:00:50.400)

25 Do you remember that the launch of the
 00016:01 VantageScore product occurred in March of 2006?
 02 A Yes.
 03 Q After March of 2006 did you have continuing
 04 responsibilities of any kind associated with the
 05 VantageScore product?
 06 A Yes.
 07 Q Please tell me what they were.
 08 A For a while after the launch I stayed as an
 09 Experian representative with the product Trident team,
 10 so the extended team, and periodically was asked my
 11 opinion on strategic direction for VantageScore for
 12 Experian as well. I wouldn't call it my responsibility
 13 to manage VantageScore after that launch date, though.

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6. PAGE 30:13 TO 30:19 (RUNNING 00:00:33.900)

13 Q When do you first recall becoming involved in
 14 project Trident?
 15 A I can't recall a specific date or which, you
 16 know, the conversations that happened and necessarily
 17 the order that they happened. But I recall being asked
 18 by Kerry Williams to consider a -- the scoring range in
 19 scale.

7. PAGE 31:10 TO 31:16 (RUNNING 00:00:19.266)

10 Do you recall any other reasons that Kerry
 11 Williams told you for why he wanted you involved in
 12 project Trident?
 13 A I can't -- I can't remember -- again, I can't
 14 remember a speech that he gave me of why he wanted me
 15 involved. He was a senior leader in an organization and
 16 asked me to do something so I did it.

8. PAGE 31:24 TO 32:08 (RUNNING 00:00:59.500)

24 Q Describe for us your role during project
 25 Trident.
 00032:01 A Mainly it was to represent Experian on a couple
 02 fronts. One would be branding and communications and
 03 the other one would be product management.
 04 Q And from the time you became involved in
 05 project Trident were you then involved in branding and
 06 communications and product management right up to
 07 launch?
 08 A I would say yes, I took the lead on that.

9. PAGE 106:16 TO 107:25 (RUNNING 00:02:56.067)

16 Q I've handed you what's been marked as
 17 Exhibit 333. Do you have that, Mr. Schwab?
 18 A Yes.
 19 Q This is a document entitled Project Trident
 20 Internal, New Product Business Plan, Version 1.3. Last
 21 updated January 3, 2006; correct?
 22 A Yes. That's what it reads.
 23 Q You're familiar with this document, aren't you?
 24 Take your time to look at it.
 25 A Yes. This looks familiar.
 00107:01 Q Were you part of the group that developed
 02 Exhibit 333, sir?
 03 A Yes. That's my recollection.
 04 Q It's entitled New Product Business Plan.
 05 Does that differ from a marketing plan at
 06 Experian or are those terms used synonymously at
 07 Experian?
 08 A I think those terms do get used synonymously,
 09 in my opinion, I have a little more -- I guess I view
 10 those as being different.
 11 Q Did you view Exhibit 333 as a marketing plan,
 12 as you use the term?
 13 A As I use the term, I would say marketing plan
 14 is a component of this business plan.
 15 Q Would you turn to the page with the production,
 16 internal page seven, production number ending in 308 on
 17 the bottom of Exhibit 333. For your reference, it's
 18 entitled Marketing Assessment. Tell me when you're
 19 there.
 20 A Oh, okay.
 21 Q Are you there?
 22 A Yes.
 23 Q Will you take just a moment and read that half

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24 a page above marketing assessment? I just have a couple
 25 questions about this consumer survey, sir.

10. PAGE 108:03 TO 108:09 (RUNNING 00:00:05.567)

03 THE WITNESS: Under consumer survey, that
 04 heading.
 05 MR. BEEHLER: Yes.
 06 THE WITNESS: But before the business survey?
 07 BY MR. BEEHLER:
 08 Q Correct.
 09 A Okay.

11. PAGE 108:11 TO 109:06 (RUNNING 00:01:12.300)

11 Okay. I've read it.
 12 Q Do you recall, sir, as part of your work on
 13 project Trident you looked into what the scale or
 14 scoring range should be for project Trident?
 15 A Yes.
 16 Q And as part of that, was a National Gallup Poll
 17 conducted?
 18 A Yes.
 19 Q And the questions that were given to the
 20 participants in the Gallup Poll, they appear on this
 21 internal page seven of Exhibit 333, don't they?
 22 A It's my understanding of the questions that
 23 were asked of the people in the poll, yes.
 24 Q If you direct your attention to Question No. 2,
 25 it asks, quote, As you may know, a person's official
 00109:01 credit score goes from a low of 330 to a high of 830,
 02 end quote.
 03 Do you see that, sir?
 04 A I do see that.
 05 Q Where is that official credit score going from
 06 330 to 830 taken from?

12. PAGE 109:08 TO 110:17 (RUNNING 00:01:47.567)

08 THE WITNESS: The person who wrote the
 09 questions to be asked in the poll.
 10 BY MR. BEEHLER:
 11 Q Did you not assist them in forming the
 12 questions for the poll?
 13 A I asked someone to input questions into a poll
 14 and they devised the final questions.
 15 Q The range of 330 to 830, do you have an
 16 understanding of who has such a range, such that it's
 17 referred to as an official credit score?
 18 A I think multiple credit scores have a very
 19 similar range to that Scorex PLUS, the plus score, the
 20 FICO score; those are just three that I can think of
 21 that are in that general vicinity.
 22 Q Now, the result of this consumer survey showed
 23 that as far as a preference, more consumers prefer a
 24 scale of 0 to 100, correct?
 25 A Yes.
 00110:01 Q And Experian was aware of this before
 02 VantageScore adopted the scale they did, right?
 03 A Yes.
 04 Q And the VantageScore scale did not use a 0 to
 05 100 scale, did it?
 06 A That's true.
 07 Q If you look further down on that page there's a
 08 reference to a business survey being taken or held.
 09 A Yes.
 10 Q And it says there was a council meeting on
 11 November 14, 2005; do you see that reference?

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12 A I'm sorry. The first sentence of that, that's
 13 what you're referencing?
 14 Q Yes, sir.
 15 A Yes.
 16 Q Were you at that meeting?
 17 A Yes.

13. PAGE 111:01 TO 111:06 (RUNNING 00:00:22.567)

00111:01 Q This is called an executive advisory council.
 02 Can you generally tell me who made up the executive
 03 advisory council, without going through --
 04 A The people on this list. So the executives,
 05 executives from industry executives -- executives from
 06 the industry, basically.

14. PAGE 111:16 TO 112:04 (RUNNING 00:00:44.667)

16 Q It's referred to as the Experian Scorex
 17 executive advisory council; do you see that?
 18 A Yes.
 19 Q Do you have an understanding of whether that
 20 meant that these individuals were purchasers of Scorex
 21 product?
 22 A Um, they didn't have to necessarily be
 23 purchasers. They had to be people, obviously, that we
 24 valued their opinion and we wanted to get a cross
 25 section of industry executives from multiple areas. So
 00112:01 I don't have facts that says every one of these is a
 02 client of Experian's, or was.
 03 Q And you met with these folks to discuss what on
 04 November 14, 2005?

15. PAGE 112:08 TO 112:20 (RUNNING 00:00:50.700)

08 THE WITNESS: We met as part of the management
 09 team of Experian. Scorex met with this advisory council
 10 to have dinner, to build relationships, and to discuss
 11 ideas that we had for moving the market, to get their
 12 feedback on ideas that we generally had, and to hear
 13 their concerns or their ideas about where the industry
 14 was heading and where we could stay ahead of the
 15 industry.
 16 BY MR. BEEHLER:
 17 Q One of the ideas that you discussed with them
 18 was whether a different score scale or range could be
 19 adopted or should be adopted; is that right?
 20 A I recall bringing up that question, yes.

16. PAGE 112:21 TO 113:07 (RUNNING 00:00:49.634)

21 Q Was there a consensus reaction?
 22 A Didn't call it consensus. We didn't really
 23 vote for it. There was -- I think there was some
 24 opinions around the room, an ad hoc fashion.
 25 Q Did the folks who were there understand that
 00113:01 you were considering some type of new product such that
 02 you could be talking about a new range?
 03 A I never specifically mentioned that we were
 04 doing Trident at the time. I mentioned it in a general
 05 statement, in a general question, you know, more of a
 06 what if or what is restrictive or, you know, beneficial
 07 about certain scales.

17. PAGE 113:08 TO 113:13 (RUNNING 00:00:21.133)

08 Q There's a reference here in the second
 09 paragraph on this page to one of the members of the
 10 advisory council saying that Scorex PLUS was so close in

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11 resemblance to Fair Isaac's scale, that, quote, he
12 dubbed it the FAKE-O score, end quote; do you see that?
13 A I see that.

18. PAGE 113:14 TO 113:22 (RUNNING 00:00:30.300)

14 Q Which member of the executive advisory council,
15 if you recall, is the one who dubbed the Scorex PLUS
16 store the FAKE-O score?
17 A I don't recall. Actually, I don't recall
18 somebody saying that. I mean, now that I see it
19 written, I don't have reason to doubt it, but I don't
20 recall that exchange happening. The only time that I
21 recall off the top of my head a FAKE-O score was used by
22 Fair Isaac's representative.

19. PAGE 129:03 TO 129:06 (RUNNING 00:00:10.967)

03 Q Would you turn to page -- internal page 21 of
04 Exhibit 333. It's actually entitled technical
05 assessment.
06 A Which page?

20. PAGE 129:10 TO 129:12 (RUNNING 00:00:06.333)

10 Q It's production number 322 at the bottom. You
11 see it says technical assessment?
12 A Yes.

21. PAGE 129:14 TO 130:05 (RUNNING 00:00:47.600)

14 Do you recall this part of the document at all,
15 technical assessment?
16 A Looks familiar. Yes.
17 Q Did you participate in drafting it?
18 A Probably.
19 Q If you look at the market background section,
20 sir, on production number 322 of Exhibit 333, are you
21 there?
22 A I see that.
23 Q It says a credit score scale and range are
24 merely cosmetic. Do you see that, sir?
25 A Yes.
00130:01 Q Do you agree with that statement?
02 A Yes.
03 Q Did you write that statement?
04 A If I didn't type it into here, then it's
05 probably -- sounds like something I would type or write.

22. PAGE 130:06 TO 130:14 (RUNNING 00:00:33.266)

06 Q And did you mean by that that whatever a credit
07 score scale or ranging is something that is
08 administerial that you can set at anything after you're
09 done with your algorithm?
10 A What I meant was, is that it's a range. A
11 score range by itself is meaningless unless you know
12 what the meaning of the score actually is.
13 Q Well, you could -- but you could scale or
14 range -- let me withdraw it.

23. PAGE 130:15 TO 130:22 (RUNNING 00:00:34.400)

15 You could set a credit score scale or range
16 from 1 to 100 or 1 to a thousand or anywhere in between.
17 That's a cosmetic thing, correct?
18 A It's -- now you got specific about a credit
19 score. There are other limiting factors of credit
20 scores and systems, but in general, the way score cards

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21 are built through a regression, then yes, they can be
 22 scaled on anything and it's like that.

24. PAGE 130:23 TO 131:07 (RUNNING 00:00:36.833)

23 Q Okay. Would you turn to page 23. It's
 24 production number 324 in this Exhibit 333. There's a
 25 recommendation here, sir. It says the final
 00131:01 recommendation is to pursue the log odds, L-O-G O-D-D-S,
 02 approach similar to Scorex PLUS. The score will range
 03 from 501 to 990.
 04 Do you see that, sir?
 05 A Yes, I see that.
 06 Q That wasn't your recommendation to the group,
 07 was it?

25. PAGE 131:09 TO 131:10 (RUNNING 00:00:03.567)

09 THE WITNESS: At what point in time? Because
 10 at the end, then I was on board with it.

26. PAGE 132:12 TO 132:14 (RUNNING 00:00:06.500)

12 Q Your recommendation, your initial
 13 recommendation was to have a range from 1 to 100,
 14 correct.

27. PAGE 132:19 TO 132:22 (RUNNING 00:00:12.967)

19 THE WITNESS: My personal recommendation at the
 20 beginning was something like, I don't know if it's 0 to
 21 100, or 1 to 100, it was something like that that it
 22 approximated a -- an academic grading scale.

28. PAGE 132:24 TO 132:24 (RUNNING 00:00:03.600)

24 Q Why was that recommendation overruled?

29. PAGE 133:01 TO 133:13 (RUNNING 00:00:49.400)

00133:01 THE WITNESS: The recommendation wouldn't work
 02 with client systems. And the way that the automated --
 03 the functionality of their systems worked wouldn't
 04 accept a scale like that.
 05 BY MR. BEEHLER:
 06 Q How did you find that out?
 07 A I believe we started to get the -- we knew that
 08 it would have to have decimal places to allow enough
 09 granularity if that was the scale to be used, and I
 10 think that was even a problem with Experian systems.
 11 And then that started the, you know, the
 12 movement against it where people just started to move
 13 against it.

30. PAGE 144:25 TO 145:04 (RUNNING 00:00:12.333)

25 Q I've handed you what's been marked as
 00145:01 Exhibit 338.
 02 Do you see that's an e-mail from Stan Oliai to
 03 you and others dated October 31, 2005?
 04 A Yes.

31. PAGE 145:11 TO 145:19 (RUNNING 00:00:24.433)

11 Q I don't want you to assume anything. Looking
 12 at Exhibit 338, the e-mail says, quote, Here are the
 13 meeting notes from the 10-18 Trident session, end quote,
 14 correct?
 15 A Yes.
 16 Q And if you turn to the next page of
 17 Exhibit 338, it, in fact, is entitled Project Trident

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18 Product Development Discussion, October 18, 2005.
19 A That's what it reads.

32. PAGE 151:02 TO 151:25 (RUNNING 00:01:09.100)

02 Q I've handed you what's been marked as
03 Exhibit 339, Mr. Schwab. Do you see on the first page
04 of the document at the bottom there's an e-mail to you
05 from Kerry Williams, Walt Ramsey, Jason Engel and others
06 dated October 14, 2005.
07 A Yes. I see that e-mail.
08 Q And you're enclosing two documents for their
09 review, correct?
10 A Yes.
11 Q A draft of an internal business plan, correct?
12 A Yes.
13 Q And a presentation for the October 18 external
14 meeting, correct?
15 A Yes.
16 Q And you note that you realize that direct
17 references to FICO may need to be made generic, end
18 quote; do you see that?
19 A Yes.
20 Q What do you mean that direct references to FICO
21 may need to be made generic?
22 A Without seeing the documents, I'm not sure the
23 context around it.
24 Q Do you mean to take FICO's name out and refer
25 to it by something else, perhaps a code name?

33. PAGE 152:02 TO 152:04 (RUNNING 00:00:09.834)

02 THE WITNESS: I need to see what is in the
03 document and what the references are to know why, you
04 know, I may have said that or why I did say that.

34. PAGE 157:06 TO 157:10 (RUNNING 00:00:14.700)

06 Q I've handed you what's been marked as
07 Exhibit 340. Do you see that this says project Trident
08 internal new product business plan updated October 14,
09 2005?
10 A Yes, I see that.

35. PAGE 157:18 TO 157:21 (RUNNING 00:00:14.133)

18 Q Okay. Looking at Exhibit 340, sir, is that an
19 internal new product business plan that you were part
20 of?
21 A Yes.

36. PAGE 167:05 TO 167:10 (RUNNING 00:00:16.233)

05 Q Have I placed Exhibit 343 in front of you?
06 A Yes.
07 Q Do you recall testifying a little bit ago that
08 you don't recall ever doing an external new product
09 business plan for project Trident; do you recall that
10 testimony?

37. PAGE 167:13 TO 167:18 (RUNNING 00:00:12.667)

13 THE WITNESS: Yeah. I recall saying I don't
14 remember if I did an external one.
15 BY MR. BEEHLER:
16 Q Okay. Looking at Exhibit 343, that would be
17 one. Is that right?
18 A Well, it's --

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38. PAGE 167:21 TO 168:01 (RUNNING 00:00:16.000)

21 THE WITNESS: It reads on the title slide
22 external.
23 BY MR. BEEHLER:
24 Q Exhibit 343 is for project Trident external new
25 product business plan, October 14, 2005, correct?
00168:01 A Yes. That's what it reads.

39. PAGE 168:05 TO 168:07 (RUNNING 00:00:06.133)

05 Q Was it distributed to the other credit bureaus?
06 A I don't remember if we did or not. I don't
07 recall that we did.

40. PAGE 259:24 TO 260:03 (RUNNING 00:00:16.600)

24 Q Can you describe generally, what's the point of
25 purchasing key words for search engines? Could you
00260:01 describe that for us?
02 A Getting people who put in search terms to click
03 on a link.

TOTAL: 1 CLIP FROM 1 DEPOSITION (RUNNING 00:21:27.266)
